



LOUISIANA DEPARTMENT OF INSURANCE
J. ROBERT WOOLEY, COMMISSIONER

P.O. Box 94214
BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900
FAX (225) 342-3078
<http://www.ldi.state.la.us>

BULLETIN 05-01

DATE: 30 JUNE 2005

**TO: ALL AUTOMOBILE INSURANCE COMPANIES WRITING
PERSONAL MOTOR VEHICLE INSURANCE IN LOUISIANA**

FROM: J. ROBERT WOOLEY, COMMISSIONER OF INSURANCE

**RE: IMPLEMENTATION OF MILITARY DISCOUNT TO
ACTIVE MILITARY PERSONNEL BASED IN LOUISIANA**

This Bulletin is being issued by the Louisiana Commissioner of Insurance ("Commissioner") to provide assistance to automobile insurance companies who write personal motor vehicle insurance to active military personnel ("AMP") based in Louisiana. Beginning July 1, 2005 those automobile insurance companies who write personal motor vehicle insurance have been mandated by R.S. 22:1425 to grant a discount in the premium charged to AMP based in Louisiana. This Bulletin will provide assistance and guidance in the proper implementation of R.S. 22:1425, and Regulation 81 promulgated thereunder, to ensure compliance.

Act 770 of the 2004 Regular Session of the Louisiana Legislature added R.S. 22:1425 and became effective on August 15, 2004. As required by that statute the Commissioner promulgated Regulation 81 which became effective on March 20, 2005.

In order to ensure that those automobile insurance companies who write this insurance will operate in compliance with these laws, the Commissioner provides the following clarification with regard to the implementation of the military discount to AMP pursuant to R.S. 22:1425 and Regulation 81.


1. The 12.5% discount applicable between July 1, 2005 and July 1, 2006, and the 25% discount applicable on July 1, 2006 and thereafter, is a mandatory discount of the premium on any automobile liability insurance policy purchased in Louisiana by AMP based in Louisiana. This is required by R.S. 22:1425, and no provision in Regulation 81 can be used by insurance companies as a justification for any failure to comply with this mandatory statute.
2. The discount shall be given to all AMP, single or married, who are on active duty and are based in Louisiana serving full time in the Army, Navy, Marine Corps, Air Force, Reserve, National Guard or Coast Guard. AMP are still considered to be based in Louisiana, and therefore entitled to the military discount, even if the AMP receive orders to be deployed in another state or foreign country for the purpose of military maneuvers, training, combat, war or any other similar or related military operation. As long as the orders do not indicate that the AMP have been the subject of a permanent change of duty station, the AMP shall still be considered as being based in Louisiana.
3. The initial proof of eligibility for the discount is set forth in Regulation 81 at Section 9511.B and requires AMP to provide to the insurance company a copy of their military identification card or a copy of their military orders, along with a copy of the certificate of title or current registration evidencing ownership of the vehicle by the AMP. This documentary proof is required in order for the insurance companies to be eligible for a tax credit that is to be applied to the applicable premium taxes imposed under R.S. 22:1061 and 1065. There is no requirement that AMP execute an affidavit at the initial verification of entitlement to the military discount. The sample affidavit form set forth at Section 9511.C of Regulation 81 is permissive and was drafted by the Commissioner as an example affidavit that “may” be used at the “renewal” of a policy to which the discount has already been applied in order to preclude insurance companies from having to retain multiple copies of the identification card or orders of AMP, along with multiple copies of the certificate of title or current registration of the vehicle owned by AMP. The sample affidavit is only applicable “for renewals.”
4. The spouses or dependents of AMP are persons who are also eligible to apply for the military discount and who must meet the evidentiary proof requirements set forth in Section 9511.B.3 of Regulation 81.
5. Section 9511.B.5 of Regulation 81 is only to be used by insurance companies in those situations where a legitimate issue arises as to the accuracy or authenticity of one of the documents that AMP are required to provide as proof of eligibility for the military discount.

All insurance companies are obligated to lodge with the Louisiana Insurance Rating Commission ("LIRC") a rule filing to implement this statutorily mandated military discount. The rule filing should be made in advance of the July 1, 2005 implementation date. Although time is of the essence, those insurance companies that do not make a rule filing with the LIRC in advance of the July 1, 2005 implementation date are requested to make such rule filing as soon thereafter as is practicable in order for the LIRC to consider the approval of the rule filing retroactive to July 1, 2005.

The Commissioner expects that Regulation 81 will be amended in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., in order to bring Regulation 81 into compliance with R.S. 22:1425 as it is anticipated to be amended by House Bill 69 of the 2005 Regular Session of the Louisiana Legislature. However, in view of the fact that the anticipatory amendment to Regulation 81 would generally be directed to those provisions that deal with the Commissioner issuing a warrant to the State Treasurer since House Bill 69 would delete the provision for a warrant and instead authorize insurance companies to take a tax credit that is to be applied to the applicable premium taxes imposed under R.S. 22:1061 and 1065, the anticipatory amendment to Regulation 81 would not affect the underlying obligation of insurance companies to provide the military discount to AMP based in Louisiana.

Accordingly, until further notice from the Commissioner, all insurance companies are to comply with the unequivocal statutory mandate of R.S. 22:1425, and those provisions of Regulation 81 that are not in conflict, and to apply the appropriate discount to the insurance premium for automobile insurance sold to AMP based in Louisiana.

Any questions regarding the implementation of R.S. 22:1425, and the application of Regulation 81, should be directed to Ms. Paula Pellerin-Davis, Deputy Commissioner, Office of Property & Casualty, electronically at ppellerin-davis@ldi.state.la.us or by telephone at (225) 342-5203, or Ms. Clarissa Preston, Director, Policy Forms & Insurance Rating, Office of Property & Casualty, electronically at cpreston@ldi.state.la.us or by telephone at (225) 342-5203.



J. ROBERT WOOLEY
COMMISSIONER OF INSURANCE